



Christopher W. McKinney  
Director of Utilities  
201 N. Broadway, Escondido, CA 92025  
Phone: 760-839-4662 Fax: 760-839-4651

October 9, 2013

Keith Wallace, Project Manager  
California Department of Water Resources  
Division of Integrated Regional Water Management  
Financial Assistance Branch  
PO Box 942836  
Sacramento, CA 94236

VIA EMAIL: [keith.wallace@water.ca.gov](mailto:keith.wallace@water.ca.gov)

Dear Mr. Wallace,

Thank you for your time at the Public Comment meeting in Sacramento with Department of Water Resources (DWR) staff on October 7. The meeting helped me better understand the IRWM grant process. I am writing to you now to reiterate my comments and concerns expressed at the Public Comment meeting, and to provide some additional comments.

The City of Escondido is located in northern San Diego County and provides potable water and wastewater service to approximately 145,000 residents in the City and adjacent area. The City also provides tertiary treated recycled water: retail service to customers in the City and wholesale service to the Rincon del Diablo Municipal Water District.

The City participated with other North San Diego County water and wastewater agencies to complete San Diego's Integrated Regional Water Management Plan, and collaboratively worked with these agencies to prioritize water resource projects that are important to the region. These projects were included in the region's IRWM Round 2 application. Comments from DWR reviewers indicate clear misunderstandings of our existing systems and these misunderstanding appear to have adversely affected the score assigned to our application. Although the agencies are preparing a joint response to all DWR comments, I would like to specifically address two DWR comments in this letter.

First, DWR reviewers were under the mistaken impression that the North County agencies had no existing tertiary treatment capacity. This is not the case. There are five in North County alone and several others throughout San Diego County. Escondido has approximately 8.5 million-gallons-per-day (MGD) of tertiary treatment capacity. I

suspect that the source of this mistaken impression that we possess no tertiary treatment capacity is a comment in the application concerning avoided secondary discharges to the ocean in the event our proposed project is constructed. The City does not need to construct tertiary capacity to avoid this secondary discharge; that capacity already exists. Instead, the proposed project would expand our delivery infrastructure, thus allowing the City to more fully use its *existing* tertiary capacity rather than treating only to secondary levels and discharging to the ocean. The additional operations cost of fully using the existing capacity is included in the application; however, this cost is minor and would be recovered via recycled water sales revenue.

Second, DWR reviewers questioned whether avocado farmers had the financial ability to pay for recycled water if the City's distribution system was expanded to serve them. Presently, these farmers pay \$1,080 per-acre-foot for potable water to irrigate their crops. Although the price for this future recycled water supply to the farmers has not been set, current operations and maintenance cost projections indicate the price of this water will be at least 20% less than the amount farmers currently pay for potable water. Recycled water will represent long-term cost *savings* for Escondido's agricultural community.

In addition to clarifying these two flawed assumptions in the DWR analysis of the North San Diego project, this letter also serves to express my concern with the draft award amount. San Diego's draft award is \$7.5 million, compared to the \$12.8 million requested. It is disappointing and frustrating that the draft award for the San Diego funding area is half of the requested allocation, at least in part due to flawed analysis or misunderstanding of our application.

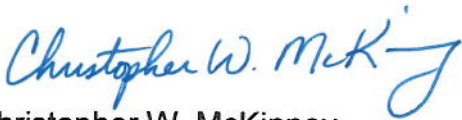
I respectfully request that the DWR revisit and rescore the San Diego application and revise the award amount to 100% of the requested funding. The San Diego application was responsive to DWR's solicitation, and contained detailed and thoughtful analysis of the benefits to be derived from the funding.

Finally, I will repeat one of my comments from the meeting of October 7. For future rounds of the IRWM program and future grant programs administered by the DWR, your agency should consider providing comments to grant applicants prior to announcing draft funding levels. This schedule would allow for responses by applicants to correct any errors in the analysis or points of misinterpretation. It would also avoid the present situation, in which DWR faces a difficult choice. Either the agency lowers draft funding levels to the dismay of those agencies that were fully or more-than-fully funded, or it maintains funding levels that are based on erroneous scoring.



Thank you very much for your consideration of my comments.

Sincerely,



Christopher W. McKinney  
Director of Utilities

CC: Assemblywoman Marie Waldron, via fax, 916-319-2175  
Assemblyman Rocky Chavez, via fax, 916-319-2176  
Assemblyman Brian Maienschein, via fax, 916-319-2177  
Assemblywoman Toni Atkins, via fax, 916-319-2178  
Assemblywoman Shirley Weber, via fax, 916-319-2179  
Assemblyman Brian Jones, via fax, 916-319-2171  
Assemblywoman Lorena Gonzalez, via fax, 916-319-2180  
Senator Mark Wyland, via fax, 916-446-7382  
Senator Marty Block, via fax, 916-327-2188  
Senator Joel Anderson, via fax, 916-651-4936  
Senator Ben Hueso, via fax, 916-651-4940